

AMENDED IN SENATE APRIL 16, 2004

SENATE BILL

No. 1449

Introduced by Senator Johnson

February 19, 2004

An act to amend Section 85307 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1449, as amended, Johnson. Political Reform Act of 1974: loans.

Under the Political Reform Act of 1974, a candidate for elective state office may not personally loan to his or her campaign an amount, the outstanding balance of which exceeds \$100,000. This limitation does not apply to a loan made to a candidate by a commercial lending institution in the lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.

This bill would ~~provide that, except for these personal loans, a candidate may not borrow funds for his or her campaign~~ *delete this exemption.*

Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties.

By removing an exemption to the loan prohibition, this bill would impose a state-mandated local program by expanding the scope of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill, which would declare that it furthers the purposes of the act, would therefore require a $\frac{2}{3}$ vote.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 85307 of the Government Code is
2 amended to read:

3 85307. (a) ~~Except as provided in this section, a candidate~~
4 ~~may not borrow funds for his or her campaign. This prohibition~~
5 ~~applies to all extensions of credit, including, but not limited to, The~~
6 ~~provisions of this article regarding loans apply to extensions of~~
7 ~~credit, but do not apply to loans made to a candidate by a~~
8 commercial lending institution in the lender's regular course of
9 business on terms available to members of the general public for
10 which the candidate is personally liable.

11 (b) ~~Notwithstanding subdivision (a), a candidate for elective~~
12 state office may not personally loan to his or her campaign,
13 ~~including the proceeds of a loan obtained by the candidate from a~~
14 ~~commercial lending institution,~~ an amount, the outstanding
15 balance of which exceeds one hundred thousand dollars
16 (\$100,000). A candidate may not charge interest on any loan he or
17 she made to his or her campaign.

18 SEC. 2. No reimbursement is required by this act pursuant to
19 Section 6 of Article XIII B of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIII B of the California
26 Constitution.

1 SEC. 3. The Legislature finds and declares that this bill
2 further the purposes of the Political Reform Act of 1974 within
3 the meaning of subdivision (a) of Section 81012 of the
4 Government Code.

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